PACIFIC Environmental SERVICES COMPANY

7-13-2000

Bob and Karen Newman
Newman's Chevron
2021 6th St.
Bremerton, WA. 98337

Dear Bob and Karen;

Per your request I have reviewed the phase 1 site assessment performed by AdaPT Engineering Inc. The following represents my findings of said review.

To begin I think it is important for you to understand exactly what a phase 1 assessment attempts to accomplish. A phase 1 assessment includes a review of public records to determine the prior owners of your property. This review helps to determine what prior owners did with your property. Additionally a review of public records is done to see if the site is listed by any government entities that track hazardous material releases, leaking underground storage tanks, Superfund designations, reported accidental releases of oil and hazardous substances, etc. A phase 1 site assessment also includes a site visit to see if there are any potential sources of contamination including but not limited to underground storage tanks, visual evidence of spills or other sources of contamination; to identify adjacent land uses that could potentially contaminate your property, and to identify the potential existence of lead based paint or asbestos containing materials. It is important to understand that a phase 1 assessment only attempts to identify any potential or previously reported releases of contaminates. There is no subsurface investigation whatsoever and any conclusions drawn from this historical review and visual investigation of your property regarding subsurface conditions, are educated guesses at best. Section 1.0, Executive Summary, is the part of the assessment that details these activities. I also suggest that you review Section 2, which gives further explanation of what this type of assessment attempts to accomplish.

During my review of subject report I found several glaring inaccuracies.

1. Under Section 6.0 a reference is made to tax assessment information from Pierce County. This is obviously not correct.
2. Section 8.4 discusses sites that have been registered with W.S.D.O.E. as containing underground storage tanks. The report indicates that the W.S.D.O.E. file does not show a UST facility on the subject or adjacent property, and goes on to say that the tanks that are present on the site are exempt, and lists the size as a 500 gallon gasoline tank, and a 1,000 gallon diesel tank. I'm not sure what site this section refers to, as elsewhere the report discusses three new underground storage tanks. I know for a fact that the tanks at your site are registered with W.S.D.O.E., and that they are not used for fueling farm vehicles.
3. Section 9.0 discusses asbestos containing building materials that may be present on the site. There is a reference to the Northwest Air Pollution Authority requiring an asbestos survey prior to any demolition

activities. Kitsap County is located in the Puget Sound Air Pollution Control Authority's jurisdiction. Additionally no demolition activities are planned for this site.

It is obvious that these inaccuracies are the result of ADaPT Engineering utilizing a canned report format for all it's phase 1 reports. The author simply left some of the information from a prior report in your document. While this may seem to be nitpicking, it is apparent that your lending institution relied on this report to make its decision not to approve your loan package.

I reviewed our files regarding your project in 1990. The tanks that were installed in 1990 are STI-P3 single wall steel tanks. These tanks have an engineered cathodic protection system installed on the tanks at the factory. This cathodic protection system protects the steel wall of the tank from corrosion that normally occurs in steel structures buried underground. The fill pipes for your new tanks have a spill containment manhole assembly that catches any incidental spillage that occurs during the filling of the tanks. The vent system has a ball float assembly installed in the piping that shuts off the flow of fuel into the tank if the tank becomes to full. This system allows the tanks to be filled to 90% of tank capacity and no more. The pressurized product piping is doubled walled fiberglass. This system will not corrode as steel pipe will, and its double wall construction does not allow fuel to spill into the ground in the event of a leak. In the event of leak in the primary piping system the product is carried back to a sensor at the tank. When this sensor touches fuel an alarm goes on in the tank monitor system, notifying the operator of a problem. Additionally the piping system has a mechanical leak detector that substantially slows the flow of fuel to the dispenser when it senses a drop in pressure beyond a specified limit. In the event of a large leak this, mechanical leak detector will stop the flow of fuel altogether.

Another level of protection against fuel loss is provided by an electronic tank monitor system. This system constantly monitors the level of fuel in the tanks, constantly monitors the doublewall fiberglass piping system for leaks, tracks fuel deliveries, notifies the operator of the presence of water in the tanks, and provides a comprehensive report of all fuel level activities to the operator upon demand.

The fuel system installed at your location is in 100% compliance with current Washington State Department of Ecology underground storage tank regulations regarding tank system construction and installation. Your tank system is registered with W.S.D.O.E. per those regulations. You have purchased underground storage tank pollution liability insurance per those same regulations. And I might add that you have been in compliance since 1990, 8 years before the law required.

Regarding the cleanup activities that occurred in 1990. PESCO was hired by Wilkens Distributing Inc. to remove the tanks and associated piping etc. During the course of removing the tanks contaminated soil was encountered in the vicinity of the old gasoline tanks. This contamination was documented by AGI in their report 8-17-1990. Included in this report is a discussion of vapor extraction piping that was installed in the new tank cavity prior to the installation of the new tanks. At the time this piping was installed we were not sure of the extent of contaminate migration to the south, and since we had the tank cavity open it made sense to install the piping while the hole was still open. The cost to install the piping after the new tanks were installed was substantially higher than installing while the new tank cavity was open. It was not clear at this time the piping would even be needed, it was decided that cost to install the piping was way cheaper to do in this fashion even if it was never used. PESCO was not made aware of the work plan mentioned in the report from AGI dated 8-27-1990. The reason all the

contamination that existed was not removed was that to do so would have jeopardized the building.

I hope this information is helpful to you. If you have any questions please feel free to call. Thank you.

Regards,

David A. Sather
President
Pacific Environmental Services Company